APPENDIX

UNITED STATES STATUTES

Revenue Act of 1934, c. 277, 48 Stat. 680:

SEC. 23. DEDUCTIONS FROM GROSS INCOME.

In computing net income there shall be allowed as deductions:

* * * * *

(c) *Taxes Generally.*—Taxes paid or accrued within the taxable year, except—

* * * * *

(2) income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of section 131 (relating to credit for taxes of foreign countries and possessions of the United States);

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SEC. 31. TAXES OF FOREIGN COUNTRIES AND POSSESSIONS OF UNITED STATES.

The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax, to the extent provided in section 131.

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SEC. 131. TAXES OF FOREIGN COUNTRIES AND POSSESSIONS OF UNITED STATES.

(a) *Allowance of Credit.*—If the taxpayer signifies in his return his desire to have the

benefits of this section, the tax imposed by this title shall be credited with:

(1) *Citizen and Domestic Corporation.*—In the case of a citizen of the United States and of a domestic corporation, the amount of any income, war-profits, and excess-profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and

* * * * *

(b) *Limit on Credit.*—The amount of the credit taken under this section shall be subject to each of the following limitations:

(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources within such country bears to his entire net income for the same taxable year; and

(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income for the same taxable year.

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SEC. 204. INSURANCE COMPANIES OTHER THAN LIFE OR MUTUAL.

(a) *Imposition of Tax.*—In lieu of the tax imposed by section 13 of this title, there shall be levied, collected, and paid for each taxable year upon the net income of every insurance company (other than a life or mutual insurance company) a tax as follows:

(1) In the case of such a domestic insurance company, 13¾ per centum of the amount of its net income * * *.

* * * * *

(b) *Definition of Income, Etc.*—In the case of an insurance company subject to the tax imposed by this section—

(1) *Gross Income.*—"Gross income" means the sum of (A) the combined gross amount earned during the taxable year, from investment income and from underwriting income as provided in this subsection, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners, and (B) gain during the taxable year from the sale or other disposition of property, and (C) all other items constituting gross income under section 22;

(2) *Net Income.*—"Net income" means the gross income as defined in paragraph (1) of this subsection less the deductions allowed by subsection (c) of this section;

* * * * *

(c) *Deductions Allowed.*—In computing the net income of an insurance company subject to the tax imposed by this section there shall be allowed as deductions:

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(3) Taxes as provided in section 23 (c);

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SEC. 205. TAXES OF FOREIGN COUNTRIES AND POSSESSIONS OF UNITED STATES.

The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of a domestic insurance company subject to the tax imposed by section 201 or 204, to the extent provided in the case of a domestic corporation in section 131, and

in such cases "net income" as used in that section means the net income as defined in this Supplement.

CANADIAN STATUTES

The Canadian statutes will be found in the record, pp. 74–210. The particularly pertinent provisions thereof are as follows:

Special War Revenue Act, 1915, as amended by Statutes of Canada, 1932, c. 54, 22–23 Geo. V, pp. 342, 344:

PART III [4]

SEC. 14. (1) Every company authorized under the laws of the Dominion of Canada, or of any province thereof to transact the business of insurance, other than a mutual company carrying on business on the premium deposit plan and an exchange, shall pay to the Minister a tax of one per centum upon the net premiums received by it in Canada, less net premiums paid for reinsurance to companies to which this subsection applies, during the year 1932 and each calendar year thereafter.

* * * * *

SEC. 17. (1) Every company to which subsection one of section fourteen of this Act applies shall, on or before the last day of July, 1932, make a return to the Superintendent on a form to be furnished by him showing the gross premiums received by it, and the rebates, return premiums on cancellation of policies and reinsurance premiums paid by it, during the six months ending on

[4] Part III was originally Part I (R. 66–67). The provisions of Sections 14 and 17 quoted here are found in the record at pp. 112, 113–114.

the last day of the month preceding the date on which such return is filed, and quarterly thereafter a return in the same form and with the same information covering the three months ending on the last day of the month preceding the date on which such return is filed.

* * * * *

(4) Every such company shall at the time of making such return remit to the Superintendent the amount of the tax payable under the provisions of this Part in respect of the net premiums received by it during the period covered by the return.

Income War Tax Act, 1917, as amended by Revised Statutes of Canada, c. 97, Section 7, p. 2143:

PART II

SEC. 7. A taxpayer shall be entitled to deduct from the tax that would otherwise be payable by him under this Act, the amount paid for corresponding periods under the provisions of Parts II and III of the Special War Revenue Act.

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